

McDERMOTT, WILL & EMERY

SUITE 1201
1101 CONNECTICUT AVENUE, N. W.

WASHINGTON, D. C. 20036

FRANK E. BABB
CHARLES EMMET LUCEY
ROBERT F. SAGLE
JULIUS Y. YACKER*
THOMAS G. MAYS**
WILLIAM A. CERILLO
D. JANE DRENNAN
GARY L. RYAN
LAWSON W. TURNER, III**

202-223-9450
TELECOPIER 202-223-0335

111 WEST MONROE STREET
CHICAGO, ILLINOIS 60603
312-372-2000
700 BRICKELL AVENUE
MIAMI, FLORIDA 33131
305-358-6030

January 17, 1980

*Admitted in Illinois only
**Admitted in Virginia only

RECORDATION NO. 10340-J Filed 1425
JAN 18 1980-9 35 AM
INTERSTATE COMMERCE COMMISSION

0-018A017

HAND DELIVER

Mrs. Mildred Lee
Recordation Unit
Interstate Commerce Commission
Washington, D. C.

JAN 18 1980
Date
Fee \$ 10.00

Re: Recordation No. 10340

ICC Washington, D. C.

Dear Mrs. Lee:

Enclosed in connection with the captioned Recordation are an original and two copies of "AMENDMENT NO. 1 TO THE CHATTEL MORTGAGE DATED AS OF AUGUST 8, 1979 OF HON FINANCIAL CORPORATION I" and a check in the amount of \$10.00 payable to the Interstate Commerce Commission.

Please cause the above document to be filed as a supplement to the captioned Recordation.

Sincerely,

Gary L. Ryan
Gary L. Ryan

GLR:js

Enclosures

RECEIVED
JAN 18 9 35 AM '80
FEB 16 9 35 AM '80
FEB 16 9 35 AM '80
FEB 16 9 35 AM '80

RECORDATION NO. 10340 Filed 1425

JAN 18 1980 -9 25 AM

AMENDMENT NO. 1 TO THE CHATTEL MORTGAGE
DATED AS OF AUGUST 8, 1979 OF HON FINANCIAL
CORPORATION I

THIS AMENDMENT NO. 1 (herein called "this Amendment") made and entered into as of December 13, 1979, by and between HON FINANCIAL CORPORATION I, an Iowa corporation which has a mailing address of 414 East Third St., Muscatine, Iowa (hereinafter called the Company), and the CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association with its main office at 231 South LaSalle Street, Chicago, Illinois (herein called the Bank).

WHEREAS, HON FINANCIAL CORPORATION II, an Iowa corporation (herein called HFC 2) will, subject to the satisfaction of certain conditions precedent, be granted a term loan in the aggregate principal amount of \$2,300,000 pursuant to a Term Loan Agreement dated as of December 13, 1979 (herein called the HFC 2 Loan Agreement) among the Company, HFC 2 and the Bank, to be evidenced by the promissory note of HFC 2 (herein called the HFC 2 Note) payable to the order of the Bank;

WHEREAS, as a condition to the granting of the above described credit by the Bank to HFC 2, the Bank has required the Company to execute and deliver to the Bank a Guaranty dated as of December 13, 1979 in substantially the form of Exhibit D to the HFC 2 Loan Agreement;

WHEREAS, pursuant to a Term Loan Agreement among the Company, HFC 2 and the Bank dated as of August 8, 1979, the Company executed a Chattel Mortgage (herein called the Chattel Mortgage) dated as of August 8, 1979, assigning to the Bank rights in certain railroad boxcars and leases thereof;

WHEREAS, it is a condition precedent to the making of loans to HFC 2 by the Bank pursuant to the HFC 2 Loan Agreement that the Company execute this Amendment; and

WHEREAS, for good and valuable consideration the Company desires to amend the Chattel Mortgage as hereinafter provided in order to enable HFC 2 to obtain such loans;

NOW THEREFORE, the parties hereto agree as follows:

1. The Chattel Mortgage is amended as follows:

(a) In the last line on page 1 of the Chattel Mortgage the clause "the Loan Agreement dated as of December 13, 1979 among the Mortgagor, the Mortgagee and HFC 2 (herein called the HFC 2 Loan Agreement)," is inserted immediately after the word "Agreement,".

(b) In the fourth full paragraph on the second page of the Chattel Mortgage, the phrase "at a time when the Credit (as defined in the Loan Agreement) has expired", is deleted and the phrase "at a time when the Mortgagee has no outstanding commitment to make any loans or advances to the Mortgagor or HFC 2" is inserted in lieu thereof.

(c) In Section 3.1, the phrase "or HFC 2 Loan Agreement or any event of default arising under any agreement or instrument pursuant to which any of the indebtedness hereby secured is evidenced or outstanding" shall be inserted immediately after the phrase "Loan Agreement" in line two thereof, and the phrase "or HFC 2 Loan Agreement" shall be inserted immediately after the phrase "Loan Agreement" in line four thereof.

(d) In the eighth line of Section 3.3, the phrase ", the Note outstanding pursuant to the HFC 2 Loan Agreement, or any note outstanding pursuant to any other agreement and constituting part of the indebtedness hereby secured (all in such order as the Mortgagee shall determine)" is inserted immediately after the word "Note".

(e) Schedule B to the Chattel Mortgage is deleted and Schedule B hereto is inserted in lieu thereof. The term "Assignment of Lease" and "Schedule B" wherever used in the Chattel Mortgage and in this Amendment shall refer to Schedule B hereto.

2. Except as expressly set forth herein, this Amendment shall not constitute an amendment, waiver or consent with respect to any provision of the Chattel Mortgage. This Amendment shall be a part of the Chattel Mortgage and all references to the Chattel Mortgage in the Chattel Mortgage and Exhibits thereto shall be deemed to refer to the Chattel Mortgage as amended by this Amendment. As herein amended, the Chattel Mortgage is hereby ratified, approved and conformed in each and every respect.

IN WITNESS WHEREOF, the parties hereto have caused their corporate names to be hereunto subscribed by officers thereunto duly authorized all as of the day and year first above written.

HON FINANCIAL CORPORATION I

By: Stanley M. Howe
Stanley M. Howe, President

ATTEST:

Robert L. Carl
Secretary

CONTINENTAL ILLINOIS NATIONAL BANK
AND TRUST COMPANY OF CHICAGO

By: Bruce H. Luehrs
Vice President
BANK OFFICER

ATTEST:

Robert E. Klein
Operations Officer
2nd V.P.

STATE OF IOWA)
) SS.
COUNTY OF MUSCATINE)

On this 21st day of December, 1979, before me personally appeared Stanley M. Howe and Robert L. Carl to me personally known, who being by me duly sworn, say that they are, respectively the President and Secretary of HON FINANCIAL CORPORATION I, an Iowa corporation, that said instrument as signed on behalf of said corporation by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Karen Badger
Notary Public

My Commission expires 9/30/82.

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

On this 20th day of December, 1979, before me personally appeared Bruce Luchas and Robert Kline to me personally known, who being by me duly sworn, say that they are, respectively, the Vice President and Operations Officer of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF CHICAGO, a national banking association, that the seal affixed to the foregoing instrument is the corporate seal of said association, that said instrument was signed and sealed on behalf of said association by authority of its Board of Directors, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said association.

Dolores M. Gentry
Notary Public

My Commission expires Nov, 1983.

SCHEDULE B

ASSIGNMENT OF LEASE

WHEREAS, HON FINANCIAL CORPORATION I, an Iowa corporation (herein called the Company), Rex Railways, Inc., a New Jersey corporation (herein called Rex) acting as the agent of the Company, and _____

_____ (herein called the Lessee), have entered into a lease (herein called the Lease) dated _____, 19____, providing for the lease by the Company to the Lessee of _____ cars therein described (herein referred to as the Cars); and

WHEREAS, the Lease was recorded pursuant to the provisions of 12 U.S.C. 11303, as amended, and was assigned recordation number _____; and

WHEREAS, the Company has entered into a certain Chattel Mortgage (herein called the Mortgage) dated August 8, 1979, as amended, securing the various obligations of the Company defined in the Mortgage as "indebtedness hereby secured" to the Continental Illinois National Bank and Trust Company of Chicago, a national banking association (herein called the Mortgagee), and the Company has agreed to assign all of its right, title and interest in and to the Lease to Mortgagee as additional security for the obligations so defined in the Mortgage.

NOW, THEREFORE, for value received and upon the terms and conditions hereinafter set forth:

1. The Company, in order to secure the payment of all obligations of the Company defined in the Mortgage as "indebtedness hereby secured" and the performance and observance of all of the covenants and agreements in the Mortgage, the Loan Agreement, dated as of August 8, 1979, among the Company, Hon Financial Corporation II (herein called HFC 2) and the Mortgagee, the Loan Agreement, dated as of December 13, 1979, (herein called the HFC 2 Loan Agreement) among the Company, HFC 2 and the Mortgagee, the Note (referred to in the Mortgage), all applicable the Guaranties, the Note issued pursuant to the HFC 2 Loan Agreement, all other agreements and instruments, between the Company and the Mortgagee or given by the Company to the Mortgagee, and in this Assignment provided to be performed or observed by the Company, does hereby sell, assign, transfer and set over to Mortgagee all of the right, title and interest of the Company in and to the rentals and all other amounts payable by the Lessee, Rex or any other person, firm or

corporation with respect to the Cars or under the Lease, except that any amount so payable shall continue to be paid to and received by the Company until and unless Mortgagee or its successors or the Company shall notify the Lessee or any successor to its interest that an Event of Default has occurred under the terms and provisions of the Mortgage (as therein defined) and that the payments are thereafter to be made to Mortgagee, or its successors; and in furtherance of this Assignment and transfer, the Company does hereby authorize and empower Mortgagee in the event of notice of a default as aforesaid, in its own name to sue for, collect, receive and enforce all payments to be made to the Company or to Rex by the Lessee under and in compliance on the part of the Lessee with the terms and provisions of the Lease, to exercise all of the rights of the Company under any of the provisions of the Lease including, without limitation, the right to terminate or renew, and in its discretion to take any action under the Lease or with respect to the Cars as the Company could have taken thereunder if it had not assigned and transferred its rights therein, provided that nothing herein shall obligate Mortgagee to take any action under the Lease or in respect of the Cars.

2. The Company hereby warrants and covenants (a) that on the date hereof title to the Cars and the Lease (subject to this Assignment and the rights of the Lessee under the Lease) is vested in the Company, that it has good and lawful right to grant a security interest in the Cars and to assign the Lease as provided in the Mortgage and herein and that its right and title thereto is free from all liens and encumbrances (excepting only liens for ad valorem taxes not now in default and the rights of Rex pursuant to Section 10 of the Management Agreement (as defined in the Mortgage), subject, however, in each case to the rights of the Lessee under the Lease and to the rights of the assignee hereunder; and (b) that notwithstanding this Assignment, it will perform and comply or cause Rex to perform or comply with each and all of the covenants and conditions in the Lease set forth to be complied with by the Company. The Company will cause notice of this Assignment forthwith to be given to the Lessee (together with a copy of this Assignment).

3. The Company represents and warrants that the Lease has been duly authorized and executed by Rex as its agent, that it authorized and ratified the execution and it covenants that it will, from time to time, at the request of Mortgagee, make, execute and deliver all such further instruments of assignment, transfer and assurance and do such further acts and things as Mortgagee may reasonably request to give effect to the provisions hereof and to confirm the right, title and interest hereby assigned and transferred to Mortgagee or intended so to be.

4. Pursuant to the terms of the Mortgage and this Assignment, the Company shall not without the prior consent of Mortgagee:

(a) terminate, modify or accept a surrender of, or offer or agree to any termination, modification, or surrender of, the Lease (except as otherwise expressly provided in the Mortgage) or allow Rex to do so, or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate of the Company created by the Lease; or

(b) receive or collect or permit the receipt or collection of any rental payment under the Lease prior to the date for payment thereof provided for by the Lease (except as required by the Management Agreement) or assign, transfer or hypothecate (other than to the Mortgagee under the Mortgage) any rent payment then due or to accrue in the future under the Lease in respect of the Cars; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to Mortgagee under the Mortgage) its interest in the Cars or any part thereof or in any amount to be received by it from the use or disposition of the Cars.

5. When the Mortgagee shall have no outstanding commitment to make any loans or advances to the Company or HFC 2 and upon full discharge and satisfaction of all indebtedness secured by the Mortgage, the assignment made hereby shall terminate and all estate, right, title and interest of Mortgagee in and to the Lease shall cease and revert to the Company. Mortgagee agrees that upon termination of said Credit and satisfaction of the indebtedness as aforesaid, it will execute and deliver to the Company a release or reassignment of its interest hereunder as the Company may request.

IN WITNESS WHEREOF, the Company has caused this instrument to be executed by its proper officers thereunto duly authorized as of the _____ day of _____, 1979.

ATTEST:

HON FINANCIAL
CORPORATION I

Secretary

By _____
Stanley M. Howe, President

ACCEPTED:

CONTINENTAL ILLINOIS NATIONAL
BANK AND TRUST COMPANY OF CHICAGO,
as Mortgagee

Operations Officer

By _____
Vice President

REX claims no interest as lessor in the Leases assigned pursuant to this Assignment of Lease.

ATTEST:

REX RAILWAYS, INC.,
As Agent for the Company

Assistant Secretary

By _____
Vice President

STATE OF IOWA)
) SS.
COUNTY OF MUSCATINE)

On this _____ day of _____, 1979, before me
personally appeared _____
and _____

to me personally known, who being by me duly sworn, say that
they are, respectively, the _____ and _____
Secretary of HON FINANCIAL CORPORATION II, an Iowa corporation,
that said instrument was signed on behalf of said corporation
by authority of its Board of Directors, and that they
acknowledged that the execution of the foregoing instrument
was the free act and deed of said corporation.

Notary Public

My Commission expires _____

STATE OF ILLINOIS)
) SS.
COUNTY OF C O O K)

On this _____ day of _____, 1979, before me
personally appeared _____
and _____

to me personally known, who being by me duly sworn, say that
they are, respectively, the Vice President and Operations Officer
of CONTINENTAL ILLINOIS NATIONAL BANK AND TRUST COMPANY OF
CHICAGO, a national banking association, that the seal affixed
to the foregoing instrument is the corporate seal of said
association, that said instrument was signed and sealed on behalf
of said association by authority of its Board of Directors,
and they acknowledged that the execution of the foregoing
instrument was the free act and deed of said association.

Notary Public

My Commission expires _____

STATE OF NEW JERSEY)
) SS.
COUNTY OF BERGEN)

On this _____ day of _____, 1979, before me
personally appeared _____
and _____

to me personally known, who being by me duly sworn, say that
they are, respectively, the Vice President and Assistant
Secretary of REX RAILWAYS, INC., a New Jersey corporation, that
the seal affixed to the foregoing instrument is the corporate
seal of said corporation, that said instrument was signed and
sealed on behalf of said corporation by authority of its Board
of Directors, and that they acknowledged that the execution
of the foregoing instrument was the free act and deed of said
corporation.

Notary Public

My Commission expires _____

Interstate Commerce Commission
Washington, D.C. 20423

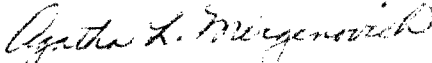
OFFICE OF THE SECRETARY

Mr. Gary L. Ryan
McDermott, Will & Emery
Suite 1201, 1101 Connecticut Ave. N. W.
Washington, D. C. 20036

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/18/80 at 9:35AM, and assigned recordation number(s). 10340-I, 10339-K, & 9819-D.

Sincerely yours,


Agatha L. Mergenovich
Secretary

Enclosure(s)